

The Agricultural Problem

Soviet agriculture is still a relatively primitive operation. There are nearly 50 million workers engaged in producing somewhat less food than is produced in the U.S. by less than 10 million farm workers. Vegetables, livestock, grain handling and drying, and a host of auxiliary operations are still unmechanized. Sizable spoilage of grain occurs because of slow harvesting and lack of storage space.

Management at the farm level is equally primitive. The collective farm chairman is under pressure to produce a specified output. He has practically no incentive to cut costs, especially labor costs, or freedom to vary his output mix. Indeed, accurate cost accounting isn't required. Only recently has there been discussion of the need to keep account of labor costs. The stimulus for introduction of new methods of farming has almost always come from the top.

Over the past 5 years, there has been a substantial increase in agriculture production, 50 percent 1958/1952. These increases were brought about chiefly by the large-scale new lands program, the corn program and, to an unknown degree, by higher prices paid to farms.

For the coming seven years, a large annual volume of investment has been scheduled for agriculture (probably more than twice the recent annual volume in the U.S.) but no large specific programs have been announced. In management, the recent transfer of machinery from machine tractor stations to the collective farms was a step in the right direction. But getting efficient utilization of both old and new machinery will take a new set of incentives for farm managers to cut costs while increasing

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output. The announced plans for increasing out, i.e., the fertilizer plan, do not appear to be enough to achieve the performance Khrushchev desires.

The Seven Year Plan (1959-65) calls for an annual increase of 7.9 percent in agricultural output, or a total of 70 percent for the plan period.

Questions on Soviet Agriculture

1. With further rapid expansion of acreage, similar to the recent "new lands" program, apparently impractical, how does Khrushchev propose to achieve the planned 70 percent increase in agricultural output between 1959 and 1965?
2. What are the plans for mass production of new high performance agricultural machinery during the Seven Year Plan?
3. How many agricultural workers must be transferred to industry in order to achieve an 80 percent increase in industrial output by 1965?
4. What new administrative changes does Khrushchev have in mind to make collective farm chairman reduce costs of production, particularly labor costs?